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January 13, 2012

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

ENTERED
Office of Proceedings

JAN 13 2012

Part of
Public Record

Re: CF Industries, Inc. v. Indiana & Ohio Railway Co., et al., Docket No. FD 35517
PUBLIC VERSION – HIGHLY CONFIDENTIAL MATERIAL REDACTED

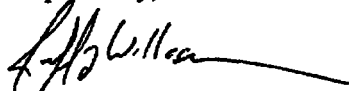
Dear Ms. Brown:

CF Industries, Inc.'s ("CF") Opening Evidence and Argument is enclosed. There are two versions, a Public Version, which was sent to all parties in this proceeding, and a Highly Confidential Version, which was sent to parties that have signed the Protective Order.

Please note that in the filings, Appendix A includes copies of all "public" exhibits and Appendix B includes copies of all "highly confidential" exhibits. Therefore, the Public Version does not have an Appendix B.

If there are any questions or concerns, please contact me. Thank you.

Respectfully,



Jeff Williamson

cc: all parties of record in this case

13.

**Indiana & Ohio Railway Company;
Point Comfort and Northern Railway
Company; Michigan Shore Railroad, Inc.,
Respondents.**

Docket No. FD 35517

RailAmerica's¹ TIH/PIH protocols are inconsistent with its common carrier obligations, not justified based on actual safety concerns, and, potentially make its rail lines less safe. Therefore, the Surface Transportation Board ("STB") should (i) declare RailAmerica's TIH/PIH shipping practices invalid and unenforceable, (ii) require RailAmerica to cease such practices, and (iii) prohibit RailAmerica from using such practices to establish rates or terms and conditions for shipping TIH/PIH product.

The issue in this proceeding is simple. RailAmerica has implemented new TIH/PIH protocols that are designed to effectively force shippers off the system. These new protocols go beyond the safety protocols typical of, or required in, the rail industry, and RailAmerica has failed to show why such protocols are necessary on its system.

¹ Indiana & Ohio Railway Company; Point Comfort and Northern Railway Company; Michigan Shore Railroad, Inc.; and Alabama Gulf Coast Railway are subsidiaries of RailAmerica, Inc. RailAmerica, Inc. implements the same TIH/PIH policies on most of its system (though the rates may vary by railroad). Thus, for ease of reference, "RailAmerica" is used to denote the entire system, including the parent company and all of its subsidiary railroads.

The federal regulations governing this matter are clear: “When local conditions make the acceptance, transportation, or delivery of [TIH/PIH] unusually hazardous” the railroad may impose “local restrictions” beyond those typically required by current regulations.² RailAmerica has not shown that transporting TIH/PIH on any of its railroads is unusually hazardous. It has not even attempted to make that argument. Moreover, it is not imposing targeted, “local restrictions” but instead applies a one-size-fits-all approach to the majority of its system without any demonstration that such an approach is necessary or appropriate.

As CF Industries, Inc. (“CF”) will demonstrate, these protocols are designed to make transporting TIH/PIH more difficult, increase costs, and force shippers off the system. In addition, discovery provided by RailAmerica suggests that its own operational personnel question the safety and necessity of the new protocols.

RailAmerica’s lines are common carriers and are legally obligated to transport TIH/PIH. Attempts to raise artificial hurdles to the transport of such material are in conflict with its common carrier obligations. The STB should order RailAmerica to cease such practices.

I. Legal Background

RailAmerica’s railroads are common carriers. They are obligated to provide transportation service on request and on reasonable terms.³ This includes the transportation of hazardous materials such as TIH/PIH.⁴

The Federal Railroad Administration (“FRA”) and the Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (“PHMSA”) are the federal agencies

² 49 C.F.R. § 174.20(a) (2011).

³ See 49 U.S.C. §§ 10702 and 11101 (2007).

⁴ See, e.g., *Akron, Canton & Youngstown R.R. Co., et al. v. ICC*, 611 F.2d 1162 (1979); see also *Union Pac. R.R. Co. – Petition for Declaratory Order*, 2009 WL 1630587 (June 11, 2009) (“UP Order”).

with primary responsibility for establishing safety standards for transporting hazardous materials on railroads. These agencies have examined the issues associated with transporting TIH/PIH, and drafted regulations to include safety protocols, such as: interim design standards for tank cars used to transport TIH/PIH; a 50 mph speed restriction for loaded tank cars transporting TIH/PIH; improved top fitting performance standards; weight standards for tank cars that transport TIH/PIH; and standards for steel in certain tank cars.⁵ The regulations go beyond mere speed restrictions and are comprehensive in nature, looking at all aspects of the transportation of TIH/PIH materials. Historically, the STB has been reluctant to substitute its judgment on safety-related issues for that of the FRA or PHMSA.⁶

Regulations governing the transportation of TIH/PIH can be found, generally, at 49 C.F.R. Parts 171-180. These include requirements such as railroads inspecting cars containing hazardous material,⁷ forwarding shipments of hazardous materials within 48 hours of

⁵ See *Hazardous Materials: Improving the Safety of Railroad Tank Car Transportation of Hazardous Materials*, 74 FR 1770 (Jan. 13, 2009) ("PHMSA Order").

⁶ See, e.g., *UP Order* at *3 ("Thus, if we were to find that USM's requests for service are unreasonable on safety and security grounds, we would be substituting our safety and security judgments for that of DOT and TSA. We will not do so here.") (footnote omitted); see also *Consol. Rail Corp. v. ICC*, 646 F.2d 642 at 650 (1981) ("Conrail") ("Where DOT and NRC, pursuant to specific statutory authority, have established 'complete and comprehensive' safety standards . . . and have drafted regulations in accord with the 'best-known practicable means for securing safety,' while balancing the cost of safety with the need for economy, a presumption arises that expenditures for safety measures not specified by these agencies are unnecessary and fail to satisfy the criteria of reasonableness outlined above, especially when such expenditures inflate shipping costs many times over. The ICC therefore properly defers to the expertise and primary jurisdiction of the NRC and DOT both in determining which particular measures are reasonably required to produce the necessary level of safety, and in deciding whether any particular safety measure will likely produce benefits commensurate with its cost and will be economical.") (citations and footnote omitted); *Radioactive Materials, Missouri-Kansas-Texas R.R. Co.*, 357 I.C.C. 458 (1977); *Radioactive Materials, Special Train Service, Nationwide*, 359 I.C.C. 70 (1978); *Granite State Concrete Co., Inc. and Milford-Bennington R.R. Co., Inc. v. Boston and Maine Corp. and Springfield Terminal Ry. Co.*, 2003 WL 22121645 at n.5 ("[U]nder Federal law, primary jurisdiction, expertise and oversight responsibility in rail safety matters are vested in the Secretary of the Department of Transportation, and delegated to the Administrator of the Federal Railroad Administration (FRA). Of course, the Board also has responsibility for promoting a safe rail transportation system, but each of the two agencies recognizes the other's expertise, and both agencies exercise their authority in complementary fashion. FRA has expertise in the safety of all facets of railroad operations, while the Board has expertise in economic regulation and, where appropriate, assessment of environmental impacts. Rail safety matters are, thus, primarily a matter for FRA's oversight in the first instance.") (citations omitted).

⁷ See 49 C.F.R. § 174.9.

acceptance,⁸ and a 50 mph maximum operating speed for trains carrying TIH/PIH.⁹ These regulations permit railroads to impose "local restrictions" "[w]hen local conditions make the acceptance, transportation, or delivery of hazardous materials unusually hazardous."¹⁰

To the extent that railroads would like to impose stricter safety protocols than those imposed in the regulations, they must show good cause. For example, in *Conrail*, the court stated, "[t]he railroads may indeed seek to prove the reasonableness of additional safety measures, but the burden is upon them to show that, for some reason, the presumptively valid DOT/NRC regulations are unsatisfactory or inadequate in their particular circumstance."¹¹ Similarly, the regulations require railroads to demonstrate that local conditions make transporting TIH/PIH "unusually hazardous."¹² The railroads are then required to "report to the Bureau of Explosives for publication the full information as to any restrictions which it imposes against the acceptance, delivery, or transportation of hazardous materials."¹³

In the past, some railroads have attempted to impose various limitations on the transportation of hazardous materials, including requiring special train service, reduced speeds, or limitation on the number of cars in a train. The Interstate Commerce Commission ("ICC") rejected such attempts. For example, in a proceeding where railroads tried to impose restrictions on the shipment of nuclear waste, after examining the evidence and conducting an environmental impact study ("EIS"), the ICC held:

We are sensitive to [railroads'] claim that it is essential that special trains and special precautions be employed in the transportation of nuclear wastes. The railroads have a responsibility to protect their employees, their property, and the public from harmful radiation.

⁸ See 49 C.F.R. § 174.14(a).

⁹ See 49 C.F.R. § 174.86(b).

¹⁰ 49 C.F.R. § 174.20(a).

¹¹ *Conrail* at 651.

¹² See 49 C.F.R. § 174.20(a).

¹³ 49 C.F.R. § 174.20(b).

For this reason, the safety evidence submitted by [railroads] has been received and considered. Further, it is ordinarily the railroads' prerogative to handle traffic as they see fit.

Nevertheless, we have strong evidence derived from the EIS that special train service would be for all practical purposes no safer than regular train service. The collateral attack through introduction of extensive evidence alleging the need for special train service attempted by [railroads] here against the conclusions of the EIS is not convincing. . . . [P]rotestants convincingly contradicted [railroads'] evidence that special train service provides a higher level of service than is available under regular train movement. All available evidence supports the finding that, especially because of the ability of the casks to withstand stress, the use of special trains provides no cognizable safety benefit.

We can appreciate the desire to provide some added measure of safety. . . . But we are not prepared to allow [railroads] to require a service which is several times as costly as regular service without (any) commensurate safety benefits. Thus we (must) find that . . . the special train requirement is wasteful transportation and an unreasonable practice in violation of section 10701(a) of the act.¹⁴

Upon appeal, the D.C. Court of Appeals upheld the ICC (though the court did state that the ICC should have given more weight to the expertise and findings of its sister agencies in safety-related matters).¹⁵

The legal standard is clear. To the extent that RailAmerica attempts to impose TIH/PIH protocols that are more restrictive than those in the regulations promulgated by the FRA and PHMSA, RailAmerica must provide sufficient evidence proving the need and appropriateness of its protocols.

¹⁴ *Trainload Rates on Radioactive Materials, Eastern Railroads*, 362 I.C.C. 756 at 772-73 (1980) ("*Trainload*") (citations omitted).

¹⁵ See *Conrail* at 652 ("The NRC's specific rejection of STS implicitly represented a determination that such service was unnecessary from a safety standpoint, and the ICC should properly have given great weight to such a determination by a sister agency vested with the jurisdiction and expertise to make just such a finding." And, later, "We are satisfied . . . that sufficient evidence existed to support [the ICC's] conclusion that STS was unnecessary for safety reasons, even without the presumption against STS arising from the DOT/NRC regulations, which we believe the Commission should have taken into account.").

II. RailAmerica's TIH/PIH Protocols

RailAmerica's new TIH/PIH protocols require the use of a special train service to move TIH/PIH product, with no more than three cars at a time, and at a reduced speed (10 mph). RailAmerica also requires five days notice of a shipment. These requirements are unique to RailAmerica, and none are required by the existing regulations.

In prior pleadings in this docket and Docket No. 42129, RailAmerica has tried to suggest that its new TIH/PIH protocols are just "recommendations" or talking points with customers. By hiding different portions of the policy in emails, power point presentations, and various tariffs, RailAmerica has tried to make it look as though the TIH/PIH protocols are either not in practice or are not terms and conditions of its transportation service.¹⁶ This is simply not true. Discovery provided by RailAmerica proves that RailAmerica is applying these protocols on most of its system, and it intends to eventually implement it on a system-wide basis.¹⁷

RailAmerica also attempts to argue that the new protocols are purely for safety purposes, are not particularly onerous, or have little impact on shippers. None of these statements are accurate.

¹⁶ See, e.g., Reply of Indiana & Ohio Railway Co., Point Comfort and Northern Railway Co., and Michigan Shore Railroad, Inc. at 5-8 (June 6, 2011) (Docket No. 35517) ("RailAmerica Reply"); see also Answer of Alabama Gulf Coast Railway and RailAmerica, Inc. to Complaint at 5-6 (May 5, 2011) (Docket No. 42129); see also Response to Motion for Injunctive Relief Under 49 U.S.C. § 721(b)(4) at 5 (May 9, 2011) (Docket No. 42129) ("RailAmerica Response in Docket No. 42129").

¹⁷ See, e.g., Email from H. Shugart to E. Johnson, July 28, 2011 (after describing the new policy, "We plan on following our new policy with all roads.") (Attached as App. A, Doc. 1).

A. The TIH/PIH protocols are designed to force shippers off the system

In both its pleadings and its external communications, RailAmerica attempts to portray its TIH/PIH protocols as safety measures.¹⁸ This is not true.

Discovery materials show that RailAmerica began thinking about developing new TIH/PIH protocols in 2008, and that the driving concern was potential liability in the event of an accident.¹⁹ Several emails suggest that RailAmerica's real intent with its new policy is to force TIH/PIH shippers off the system.²⁰ At a minimum, RailAmerica's internal emails and presentations show that it expected to increase its profitability [dollar figure redacted] by applying the new policy.²¹ In fact, none of the discovery materials provides any indication that RailAmerica believed that its prior TIH/PIH protocols were unsafe or producing poor results.

¹⁸ See, e.g., RailAmerica Reply at 8-10; RailAmerica Response in Docket No. 42129 at 8, 13-14; see also Email from H. Shugart to L. Blazynski, Mar. 17, 2011 ("After much deliberation we came up with a new policy (attached) where we only move these exceedingly dangerous loads in dedicated train service, no more than three cars at a time and at severely restricted speeds. We also will require 5 days notice of a shipment to make sure that none of these are ever left unattended at an interchange. We will mechanically inspect each car and accompany it until it is delivered to destination. This is entirely a safety issue for the protection of our employees and the general public.") (App. A, Doc. 2); Email J. Shefelbine to J. Giles, *et al.*, July 19, 2011 (discussing RailAmerica meeting with Transportation Security Administration ("TSA") employee, where RailAmerica "took great care to explain, more than once, that our rates are not being challenged and we are only looking to handle TIH/PIH commodities in the 'safest' manner.") (App. A, Doc. 3).

¹⁹ See, e.g., Attachment to email from R. Devin to D. McCloud, Mar. 5, 2009 (discusses liability-related concerns) (App. A, Doc. 4).

²⁰ See, e.g., Email from J. Thomas to C. Patterson and J. Shefelbine, Apr. 17, 2008 ("The scuttlebutt that I am hearing from [redacted] is that CSXT is trying to price itself out of this market. . . . We would also need input from the Legal department as to our ability to refuse this business.") (App. A, Doc. 5); Email from J. Shefelbine to B. Schroeder, June 24, 2008 ("We should not solicit the movement of TIH/PIH commodities and if given an option, choose not to haul any TIH/PIH commodities.") (App. A, Doc. 6); Email from B. Schroeder to J. Shefelbine, Apr. 23, 2008 ("Unfortunately, I wasn't on the open topic sessions call yesterday so can you quickly clarify the new policy for me. Are we talking about taking up prices on all hazardous material shipments where we can in an effort to dissuade this type of traffic OR are we talking about storage/accessorial charges on this type of traffic? It appears that maybe we are talking about doing both.") (App. A, Doc. 7); Email from K. Greer to B. Schroeder, Apr. 22, 2008 ("Just so I am clear on this new policy: the recommendation was for a 'controlled retreat from the market place by increasing prices . . . ' to levels that encourage customers to engage in other transportation alternatives' for all TIH/PIH hazmat commodities. Is this correct? Please confirm.") (App. A, Doc. 7); (App. B, Doc. 1) [HIGHLY CONF EMAIL REDACTED].

²¹ See (App. B, Doc. 2) [HIGHLY CONF MATERIAL REDACTED].

B. The TIH/PIH protocols have significant impact on shippers

RailAmerica's new protocols have a significant impact on TIH/PIH shippers. As discussed in The American Chemistry Council, *et al.*'s Motion for Injunctive Relief in Docket No. 42129, shippers cannot dictate when their TIH/PIH shipments arrive at RailAmerica's facilities,²² and therefore the five-day prior notice requirement cannot always be met. In fact, RailAmerica's internal emails suggest that it has experienced problems dealing with the five-day prior notice requirement itself.²³

Similarly, RailAmerica's 10 mph limit on the transportation of TIH/PIH creates problems. As an initial matter, the speed limit increases the time it takes TIH/PIH product to reach its destination, impacting shipping decisions. This presents problems for TIH/PIH customers because timing is essential when using these materials. For example, TIH/PIH is a vital input for certain industrial production processes. The 10 mph speed limit means that transit times will be longer. This, coupled with the inherent variability of rail movement, means that industrial facilities will have to ship more TIH/PIH product to keep the supply lines moving in order to prevent a production shut down. They simply cannot afford to be without TIH/PIH. Similarly, agricultural users need to meet an application window when using TIH/PIH. Like industrial users, they cannot take the chance that slow trains or variable rail schedules result in them not having TIH/PIH.

But the 10 mph limit has a less obvious impact as well – it substantially increases costs. When RailAmerica sets prices for its special train service, it determines how much it costs to

²² See Motion for Injunctive Relief Under 49 U.S.C. § 721(b)(4) at 6 ("Motion for Injunctive Relief") (Docket No. 42129); see also (App. B, Doc. 3) [HIGHLY CONF EMAIL REDACTED].

²³ See Email from H. Shugart to R. Ratledge, Aug. 24, 2011 ("I have the Railinc people working on the reason behind some cars getting through our permitting process. I'll tell you from the limited experience that I have with the system, it is not foolproof. I consider it another tool we can use, but I don't think it has the complexity to be relied on completely.") (App. A, Doc. 8).

operate the trains. Because longer trips require more crew shifts, costs increase.²⁴ In fact, there is an email discussing how running the special train service at 10 mph, 25 mph, or 40 mph impacts pricing.²⁵ This email illustrates how RailAmerica's 10 mph limit on TIH/PIH shipments increases shippers' costs.

And, as RailAmerica's own operational people point out in internal emails, the slower speeds clog the system (see Section III below for discussion regarding operational issues).

The limit of three cars per dedicated train service is also problematic. It forces customers with more than three TIH/PIH cars to buy additional special train services.²⁶ This slows down delivery, clogs the system, and costs shippers more money. And, apparently, there already have been cases where, through no fault of the shipper, TIH/PIH cars have been split up into multiple train services, potentially costing the shipper significant amounts of money.²⁷

III. RailAmerica Has Failed To Justify Its TIH/PIH Protocols

As discussed in Section I, RailAmerica must provide justification for imposing its more stringent TIH/PIH protocols. But it has not. Not only has it provided no justification whatsoever, it has gloried in its refusal to do so. For example, in one pleading RailAmerica stated that no "academic studies" were needed,²⁸ and in another pleading it claimed that its new policy was as obvious as looking both ways before crossing a street.²⁹ But if that were true, why

²⁴ See, e.g., (App. B, Doc. 4) [HIGHLY CONF EMAIL REDACTED]; (App. B, Doc. 5) [HIGHLY CONF EMAIL REDACTED].

²⁵ See Email chain from H. Shugart to D. Parkinson, Aug. 25, 2011 (contains explanation of how train speed impacts staffing concerns) (App. A, Doc. 9).

²⁶ See (App B., Doc. 6) [HIGHLY CONF EMAIL REDACTED].

²⁷ See, e.g., Email chain from J. Maddux to H. Shugart, Apr. 19, 2011 (App. A, Doc. 10).

²⁸ See Response to Motion for Injunctive Relief at 14-15 ("There are just some actions that are right and do not require study. Advance notice of a shipment so that a railroad can expedite compliance with 49 C.F.R. Part 174 does not require an academic study.").

²⁹ See Response to Complainants' Supplemental Information in Response to the Board's Order of September 30, 2011 at 10 ("AGR believes that moving 1-3 TIH/PIH cars in a single priority train is safer than moving those

hasn't the FRA or PHMSA required such protocols? In fact, why do the regulations have provisions that are directly counter to RailAmerica's protocols in its extensive set of regulations governing TIH/PIH movements? RailAmerica's evidence-free approach to establishing its TIH/PIH policy stands in stark contrast to the detailed analysis that the ICC undertook in the *Trainload* proceeding or the rulemaking proceedings used by the FRA and PHMSA to establish TIH/PIH-related regulations on everything from tank car design to speed limitations.³⁰

The regulations allow additional safety measures if "local conditions" make transporting TIH/PIH "unusually hazardous." But RailAmerica is not applying its new protocols locally. It is applying them on a system-wide basis without accounting for local conditions. More importantly, it has not even attempted to demonstrate how transportation on its system is "unusually hazardous."

The regulations require RailAmerica to report the reasons for its additional TIH/PIH protocols to the Bureau of Explosives ("BOE").³¹ There is nothing, however, on BOE's website regarding RailAmerica's new policies. And CF has contacted BOE, and BOE states that it has never received any required report from RailAmerica.

But what is even more troubling is not simply RailAmerica's lack of public efforts to justify its new protocols, but its lack of internal efforts to justify its new protocols. RailAmerica was asked to provide all documentation associated with the creation of its TIH/PIH protocols. There is not one single study, email, or piece of correspondence that explains how the 10 mph limit was reached, or why a five-day notice was chosen, or why a dedicated train service is

same TIH/PIH cars within a 100 car manifest train that would be making many switching movements while picking up and dropping off non-TIH/PIH cars. To experienced railroad professionals, this conclusion would appear self-evident, but Complainants would seem to want a scientific study proving it is safer to instruct your children to look both ways before crossing a street.").

³⁰ See, e.g., *PHMSA Order*.

³¹ See 49 C.F.R. § 174.20(b).

required, or why such trains should be limited to three cars. Not one. Moreover, Mr. Shefelbine's deposition confirms that no such studies were conducted when drafting the TIH/PIH protocols. In fact, according to Mr. Shefelbine, [information from highly confidential deposition redacted].³²

In one of the early proposals, the team tasked with designing the policy suggested [highly confidential material redacted].³³ There is no explanation for [highly confidential material redacted], and there is no explanation given for how or why RailAmerica eventually settled on a 10 mph limit (which is 80% below the speed limit in the federal regulations). The lack of internal studies or support for RailAmerica's protocols is stunning.

In fact, certain internal emails suggest that the new protocols may actually be unsafe and counterproductive. Some operational personnel have expressed concerns over the new policy:

I have talked to Tommy Rountree about the possibility of there being a better or safer way to move these chlorine cars. He says that running them as we do in regular train service is the best way to handle them. There is not that much volume so it is usually one car at a time. We have experimented in the past with running the hazmats on one "key" train, but it was determined that there was no advantage to that. We had basically the same liability exposure. If you try to run them at a lower speed, it congests the operating system.³⁴

In another email, RailAmerica's Roy Budgell states:

In speaking with Todd Gruenemeier and the trainmaster it sounds as though in order to handle this traffic with special train service we will need a minimum of 1 additional locomotive and one additional full train crew. Note also that this would mean that we would have 2 trains operating on our line at the same [time] which can create additional safety concerns. . . . I do understand the corporate position on this substance but am very concerned that

³² See (App. B, Doc. 7) [HIGHLY CONF DEPOSITION REDACTED].

³³ See (App. B, Doc. 8) [HIGHLY CONF EMAIL REDACTED].

³⁴ Email from H. Shugart to C. Patterson *et al.*, Mar. 26, 2008 (App A., Doc. 11).

these changes will actually increase our risk and most definitely increase our costs.³⁵

And yet another email:

Roy is certainly stating our concerns as [a] railroad. Im quite concerned with these plan as Im not sure what we gain by this. The unfortunate side is that if this comes to fruition we will lose in the long run. To have two crews running on 38 miles of railroad at the same time will be a cluster and you can expect significant increase in OT labor and additional crew expense requiring 7 day a week service. . . . I certainly don't want to be the guy that says this is not a good business decision because I do understand the position as well. However Im not sure what our ultimate goal is with this and at the end of the day on the CPDR – did we accomplish it? [sic]³⁶

These internal emails demonstrate that not only are RailAmerica's new TIH/PIH protocols not necessary to enhance safety on the RailAmerica system, the new protocols may actually impede safety on the system.

Thus, not only has RailAmerica failed to meet its burden of demonstrating that its protocols are necessary, its own personnel have expressed concerns that such practices are less safe and less efficient.

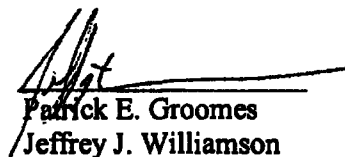
³⁵ Email from R. Budgell to J. Shefelbine, June 30, 2011 (App. A, Doc. 12).

³⁶ Email from T. Gruenemeier to R. Budgell and J. Shefelbine, June 30, 2011 (App. A, Doc. 12).

IV. Conclusion

CF requests that the STB issue an order declaring RailAmerica's TIH/PIH shipping practices invalid and unenforceable, require RailAmerica to cease such practices, and prohibit RailAmerica from using such practices to establish rates or terms and conditions for shipping TIH/PIH product. In addition, CF requests that the STB grant any further relief that it may deem appropriate in order to protect shippers' rights to transport TIH/PIH material over the RailAmerica system.

Respectfully submitted,



Patrick E. Groomes
Jeffrey J. Williamson
Rabeha S. Kamaluddin
Fulbright & Jaworski, L.L.P.
801 Pennsylvania Ave., N.W.
Washington, D.C. 20004-2623
Telephone: (202) 662-4556

Attorneys for CF Industries, Inc.

Dated: January 13, 2012

APPENDIX A

Public Materials

Doc 1

From: Shugart, Harry (GPRK)
Sent: Thursday, July 28, 2011 8:35 AM
To: Johnson, Eric F
Cc: Livingston, Ken (HESR); Shugart, Harry (GPRK); Anckner, Heather (ROST); Bixby, Jack (HESR); Shefelbine, James (GPRK); Jespersen, Pete (ISRR); Thomas, Jim (RA Midwest)
Subject: CSXT rate authorities 7882 -
Attachments: MSR TARIFF 0900.pdf
Categories: Marketing Team

Eric,

I was looking at this the wrong way and it has been brought to my attention that the payment settlement method shouldn't affect our implementation of our new safety protocols. Under these procedures we run TIH/PIH in dedicated trains with no more than three cars at one time. We also run them at very restricted speeds. This creates challenges for us to have the resources in place at the time of interchange, so we developed a pre-notification sheet that we have been requiring the shippers to send to us at least five days before arrival. Usually they send them when they submit the BOL and then we can track the cars and have resources on hand to inspect the cars and move them immediately to destination.

We plan on following our new policy with all roads. I have been rolling it out this year as contracts have expired. On the MSRR, our single car rate is \$7343 per car, two cars at one time would be \$6270 per car and three cars at one time would be \$5168 per car. If you publish to Muskegon, those will be our factors. I am attaching, just for your clarification, a copy of the Tariff we were going to publish for rule 11 application. It is not in effect, but does explain our position in more detail than I have. Please call me with any questions.

Also, do you need factors for the ISRR?

Harry H. Shugart
Senior Manager Marketing Services
RailAmerica
904-538-6133
Cell 904-545-9895
Harry.shugart@railamerica.com

From: Johnson, Eric F [mailto:Eric_Johnson@CSX.com]
Sent: Tuesday, July 26, 2011 12:00 PM
To: Shugart, Harry (GPRK)
Cc: Livingston, Ken (HESR)
Subject: RE: CSXT rate authorities 7882 -

Harry,

Thanks, just so you know, the \$1,000 requirement was provided by Jim Thomas back in April. We only published for a short term but had to extend as shipments continued and we had to clear the suspended waybills.

Regards,
Eric Johnson - Market Manager - Ammonia, Nitrogens, & Potash
CSX Transportation, 5656 Adamo Drive, Tampa, FL 33619
813-664-6409 email:Eric_Johnson@csx.com
Important Information:

For Phosphate and Fertilizer public rates please use our website -
at:<http://shipcsx.com/ec.shipcsxpublic/Main?module=public.pricing>

From: Shugart, Harry (GPRK) [mailto:Harry.Shugart@railamerica.com]
Sent: Tuesday, July 26, 2011 11:55 AM
To: Johnson, Eric F
Cc: Livingston, Ken (HESR)
Subject: RE: CSXT rate authorities 7882 -

Thanks Eric,
This road is now under the reign of Ken Livingston (copied). We have talked this morning and he is going to get back with you on this very soon.

Harry H. Shugart
Senior Manager Marketing Services
RailAmerica
904-538-6133
Cell 904-545-9895
Harry.shugart@railamerica.com

From: Johnson, Eric F [mailto:Eric_Johnson@CSX.com]
Sent: Tuesday, July 26, 2011 10:32 AM
To: Shugart, Harry (GPRK)
Subject: RE: CSXT rate authorities 7882 -

Harry,

Thanks, let me give you the current situation. We expired the public rates earlier this year. We have been handling the movements that have occurred by issuing a private pricing document for CF/Terra. The MS requirement is \$1,000 per car. The current short-term private document expires on July 31st. Let me know the MS requirements for re-publishing this private document. I guess the question is: Will the MS become an ISS carrier and if so when? If not then how do we solve the long-term issue here. I am not in the office but you can call my cell 813-390-5953 if you would like to discuss. Thanks..

Regards,
Eric Johnson - Market Manager - Ammonia, Nitrogens, & Potash
CSX Transportation, 5656 Adamo Drive, Tampa, FL 33619
813-664-6409 email:Eric_Johnson@csx.com

Important Information:

For Phosphate and Fertilizer public rates please use our website
at:<http://shipcsx.com/ec.shipcsxpublic/Main?module=public.pricing>

From: Shugart, Harry (GPRK) [mailto:Harry.Shugart@railamerica.com]
Sent: Tuesday, July 26, 2011 9:52 AM
To: Johnson, Eric F
Cc: Thomas, Jim (RA Midwest); Porter, John Jr.; Kellermann, Len; Martin, David; Livingston, Ken (HESR); Shefelbine, James (GPRK); Shugart, Harry (GPRK); Maddux, Jan (GPRK)
Subject: RE: CSXT rate authorities 7882 -

Eric,
You are correct. I have checked with my accounting folks and they inform me that we can't go rule 11 without settling through ISS if we want to bill the customer. I did not know that.

Let me apologize for having put you to this extra trouble. How do you want to handle this going forward? Do you need a division from me now or later?

Harry H. Shugart
Senior Manager Marketing Services
RailAmerica
904-538-6133
Cell 904-545-9895
Harry.shugart@railamerica.com

From: Johnson, Eric F (mailto:Eric_Johnson@CSX.com)
Sent: Tuesday, July 26, 2011 8:58 AM
To: Shugart, Harry (GPRK); Terral, Sam (CFER)
Cc: Thomas, Jim (RA Midwest); Porter, John Jr.; Kellermann, Len; Martin, David
Subject: RE: CSXT rate authorities 7882 -

Harry,

We are trying to explore the jointline rates with the MS for ammonia which is a TIH. The MS still shows as a junction settlement road and thus rule 11 rates are not applicable. Can you advise the status of the MS as road which can handle rule 11 pricing? Thanks...

Regards,
Eric Johnson - Market Manager - Ammonia, Nitrogens, & Potash
CSX Transportation, 5656 Adamo Drive, Tampa, FL 33619
813-664-6409 email:Eric_Johnson@csx.com

Important Information:

For Phosphate and Fertilizer public rates please use our website
at:<http://shipcsx.com/ec.shipcsxpublic/Main?module=public.pricing>

From: Shugart, Harry (GPRK) (<mailto:Harry.Shugart@railamerica.com>)
Sent: Friday, April 29, 2011 3:21 PM
To: Ernstes, Doug (Internet); Johnson, Eric F; Terral, Sam (CFER)
Cc: Thomas, Jim (RA Midwest); Porter, John Jr.; Kellermann, Len; Martin, David; Johnson, Shantel
Subject: RE: CSXT rate authorities 4949 & 7882 - now a suspended waybill

Eric,
You can publish using our old rate to cover this. I will address with C. F. Industries for future moves.

Harry H. Shugart
Senior Manager Marketing Services
RailAmerica
904-538-6133
Cell 904-545-9895
Harry.shugart@railamerica.com

From: Ernstes, Doug (IORY)
Sent: Friday, April 29, 2011 2:44 PM
To: Johnson, Eric F; Terral, Sam (CFER); Shugart, Harry (GPRK)

Cc: Thomas, Jim (RA Midwest); Porter, John Jr.; Kellermann, Len; Martin, David; Johnson, Shantel
Subject: RE: CSXT rate authorities 4949 & 7882 - now a suspended waybill

Eric,

That answer will have to come from Sam or Harry. I have no authority to quote for the MS.

Doug

From: Johnson, Eric F [mailto:Eric_Johnson@CSX.com]
Sent: Friday, April 29, 2011 2:28 PM
To: Ernstes, Doug (IORY); Terral, Sam (CFER); Shugart, Harry (GPRK)
Cc: Thomas, Jim (RA Midwest); Porter, John Jr.; Kellermann, Len; Martin, David; Johnson, Shantel
Subject: RE: CSXT rate authorities 4949 & 7882 - now a suspended waybill

Doug,

Thanks, as we discussed in February when we received your request to remove RA from all rates in the CSXT 7882, we were concerned we would have another "Ground Hog Day" as we did this once before for RA and then learned some of the roads were Junction Settlement and then we had to publish rates to protect traffic which moved. As the rates in CSXT 7882 expired on 4.15.11 we propose to publish a rate today using the MS requirements we had in place up to the 15th. Please today if we should use another requirement.

Regards,

Eric Johnson - Market Manager - Ammonia, Nitrogens, & Potash
CSX Transportation, 5656 Adamo Drive, Tampa, FL 33619
813-664-6409 email:Eric_Johnson@csx.com

Important Information:

For Phosphate and Fertilizer public rates please use our website
at:<http://shipcsx.com/ec.shipcsxpublic/Main?module=public.pricing>

From: Ernstes, Doug (IORY) [mailto:Doug.Ernstes@RailAmerica.com]
Sent: Friday, April 29, 2011 2:20 PM
To: Johnson, Eric F; Terral, Sam (CFER); Shugart, Harry (GPRK)
Cc: Thomas, Jim (RA Midwest); Porter, John Jr.; Kellermann, Len; Martin, David
Subject: FW: CSXT rate authorities 4949 & 7882 - now a suspended waybill

Eric,

This appears to involve the MS, which is covered by Sam Terral, who I have copied. Thanks.

Douglas E. Ernstes

Director Marketing & Sales

513.618.6468 (O) | 513.519.7928 (M) | doug.ernstes@railamerica.com
Indiana & Ohio Railway | 11427 Reed Hartman Highway, Suite 207, Cincinnati, OH 45241
Customer Service 989.797.5136 | TLC-Midwest-IORY@RailAmerica.com

From: Johnson, Eric F [mailto:Eric_Johnson@CSX.com]
Sent: Thursday, April 28, 2011 8:53 AM
To: Ernstes, Doug (IORY); Shugart, Harry (GPRK)

Cc: Thomas, Jim (RA Midwest); Porter, John Jr.; Kellermann, Len; Martin, David; Martin, David
Subject: RE: CSXT rate authorities 4949 & 7882 - now a suspended waybill

Doug,

We removed RA from all CSX jointline rates for 28 198 15 per the request below. We now have a suspended waybill per the attached for the MS. Please advise us how to handle ASAP. We need to clear this today, thanks.

Regards,
Eric Johnson - Market Manager - Ammonia, Nitrogens, & Potash
CSX Transportation, 5656 Adamo Drive, Tampa, FL 33619
813-664-6409 email:Eric_Johnson@csx.com

Important Information:

For Phosphate and Fertilizer public rates please use our website
at:<http://shipcsx.com/ec.shipcsxpublic/Main?module=public.pricing>

From: Ernstes, Doug (IORY) [mailto:Doug.Ernstes@RailAmerica.com]
Sent: Friday, February 25, 2011 10:32 AM
To: Martin, David; Kellermann, Len; Johnson, Eric F
Cc: Thomas, Jim (RA Midwest)
Subject: FW: CSXT rate authorities 4949 & 7882

Gentlemen,

I'm sharing this as information. IORY, as well as other RailAmerica properties, is withdrawing from public pricing involving TIH/PIH commodities. Our intent is to offer Rule 11 pricing consistent with our safe handling policy for these dangerous commodities. We would appreciate your support in insuring IORY, as well as the other RailAmerica properties, is removed from these documents on this 30 days notice. Please let me know if you have any questions. Thanks for your support.

Douglas E. Ernstes

Director Marketing & Sales

513.618.6468 (O) | 513.519.7928 (M) | doug.ernstes@railamerica.com
Indiana & Ohio Railway | 11427 Reed Hartman Highway, Suite 207, Cincinnati, OH 45241
Customer Service 989.797.5136 | TLC-Midwest-IORY@RailAmerica.com

From: Barrymore, Jim (GPRK)
Sent: Friday, February 25, 2011 10:27 AM
To: Jinkner, John
Cc: Ernstes, Doug (IORY); Shefelbine, James (GPRK); Thomas, Jim (RA Midwest); Shugart, Harry (GPRK)
Subject: CSXT rate authorities 4949 & 7882

John, this is Railamerica's 30 notice for all Railamerica properties to withdraw from CSXT rate authorities 7882 & 4949 (only saw CFE in this one). Is there anything else we need to do?
Jim

Jim Barrymore
Manager, Marketing Services
RailAmerica

7411 Fullerton St.; Ste. 300
Jacksonville, FL 32256
Bus.Ph.: 904-538-6140

All rate offers are valid for 30 days from date of offer.



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Doc 2

From: Larry BLAZYNSKI [larry.blazynski@arkema.com]
Sent: Thursday, March 17, 2011 11:15 AM
To: Shugart, Harry (GPRK)
Cc: Shugart, Harry (GPRK); Shefelbine, James (GPRK); Quinlivan, Kirk (AGR); Doherty, Terry (AGR)
Subject: RE: Chlorine Cars to Saraland

I don't see where one size fits all. It appears there were no shippers/receivers involved with the planning. Many times, shippers being part of the process allows for changes that work toward your goals without imposing onerous burdens.

The rules for TIH cars seem about the same as what came out by AAR in OT 55-L. Manned interchange/handoffs make sense. Inspections prior to moves per your rules are out of that as well and understanding the situation at Mobile where a car will sit for a day or so until the train moves, necessary. The sticky thing is timing of CSX bringing cars over at Mobile so you have a person to meet them.

Our major concern is the cost proposed, I'm hoping there is leeway to approach that case-by-case given the short haul from Mobile (if PPG opts to move to a route via Mobile), the limited number of cars handled annually, the fact we get them singly, us being the only shipper on the line so there is no other such traffic, and the already in place speed restriction.

Larry Blazynski
Bulk Transportation Manager
215 419 7986
215 419 5220(FAX)

From: "Shugart, Harry (GPRK)" <Harry.Shugart@railamerica.com>
To: Larry BLAZYNSKI <larry.blazynski@arkema.com>
Cc: "Shugart, Harry (GPRK)" <Harry.Shugart@railamerica.com>, "Shefelbine, James (GPRK)" <James.Shefelbine@RailAmerica.com>, "Doherty, Terry (AGR)" <Terry.Doherty@railamerica.com>, "Quinlivan, Kirk (AGR)" <Kirk.Quinlivan@railamerica.com>
Date: 03/17/2011 10:21 AM
Subject: RE: Chlorine Cars to Saraland

Larry,

Last year we were tasked with trying to find the absolute safest way possible to move TIH/PIH commodities on our roads. After much deliberation we came up with a new policy (attached) where we only move these exceedingly dangerous loads in dedicated train service, no more than three cars at a time and at severely restricted speeds. We also will require 5 days notice of a shipment to make sure that none of these are ever left unattended at an interchange. We will mechanically inspect each car and accompany it until it is delivered to destination. This is entirely a safety issue for the protection of our employees and the general public. The attached document was part of a presentation we made early last year to Fertilizer and Chemical organizations. It is slightly dated but directionally explains our policy and procedures.

We offered PPG a contract with a rate structure substantially different than what is published in our general Tariff, but we haven't heard back from them on that offer. As you weren't the freight payer, I couldn't share that with you, but I do apologize for all of us for not including you in this, as it could have an impact on your operations. Please, feel free to call me if you have any questions.

Harry H. Shugart
Senior Manager Marketing Services
RailAmerica
904-538-6133
Cell 904-545-9895

Harry.shugart@railamerica.com

From: Larry BLAZYNSKI [mailto:larry.blazynski@arkema.com]

Sent: Thursday, March 17, 2011 9:41 AM

To: Doherty, Terry (AGR)

Cc: Shugart, Harry (GPRK); Quinlivan, Kirk (AGR)

Subject: RE: Chlorine Cars to Saraland

Yes you absolutely should have. Doubtful I'd have been able to change minds in Jax, but would have looked much better that the alarm came from within, not from a supplier.

But speaking of Jax, that crew seems to stay up nights trying to cook up rules to wring more money out of the shippers. If they were having cash problems, they should not have bought a railroad. Reminds me of municipalities using every trick around to get money to make up for loss of federal funds.

This charge being announced (from what I can piece together from your tariffs is \$15,000 per car) will really put a hurt on the plant. But that kind of money for a very short move plays this to the STB for a rate case. And there isn't any PTC needed from Mobile to Saraland.

Larry Blazynski
Bulk Transportation Manager
215 419 7986
215 419 5220(FAX)

From: "Doherty, Terry (AGR)" <Terry.Doherty@railamerica.com>
To: Larry BLAZYNSKI <larry.blazynski@arkema.com>
Cc: "Shugart, Harry (GPRK)" <Harry.Shugart@railamerica.com>, "Quinlivan, Kirk (AGR)" <Kirk.Quinlivan@railamerica.com>
Date: 03/17/2011 09:05 AM
Subject: RE: Chlorine Cars to Saraland

Larry- our apologies. We should have explained our new policy and price structure to you. I am copying Harry Shugart and am asking that he give you a call to explain. This new policy applies on all 40 RailAmerica properties and the reason for Jacksonville handling.

Terry

From: Larry BLAZYNSKI [mailto:larry.blazynski@arkema.com]

Sent: Thursday, March 17, 2011 6:45 AM

To: Doherty, Terry (AGR)

Subject: Fw: Chlorine Cars to Saraland

Larry Blazynski
Bulk Transportation Manager
215 419 7986
215 419 5220(FAX)

----- Forwarded by Larry BLAZYNSKI/INT/CHEM/Corp on 03/17/2011 07:44 AM -----

From: Larry BLAZYNSKI/INT/CHEM/Corp
To: terry.doherty@railamerica.com, kirk.quinlivan@railamerica.com

Date 03/16/2011 05:14 PM
Subject: Chlorine Cars to Saraland

PPG is telling us the guy referenced below is saying to them AGR will be implementing specific rules for moving TIH cars that will result in a more expensive factor.

I'm thinking if this was being considered, you would have alerted us as a courtesy. Can you look into and elaborate?

Larry Blazynski
Bulk Transportation Manager
215 419 7986
215 419 5220(FAX)

----- Forwarded by Larry BLAZYNSKI/INT/CHEM/Corp on 03/16/2011 05:10 PM -----

)

Hi Matt,

This guy works at AGR's parent company in Jacksonville and has been the person that PPG's Logistics Department been primarily dealing with.

Harry H. Shugart
Senior Manager Marketing Services
RailAmerica
904-538-6133
Cell 904-545-9895
Harry.shugart@railamerica.com

Regards,
Becky

From: "Gray, Becky" <bgray@ppg.com>
To: "Bills, George" <bills@ppg.com>
Date: 03/16/2011 08:55 AM
Subject: New rail route to Axis (Saraland)

Hi Matt,

George has made you aware of a new rail route from Lake Charles to Saraland.
The delivering railroad, AGR, is asking for the name & phone number of an emergency contact at Saraland.

Just checking to see if Jerry Hollingsworth is aware of the new rail route, and if I can contact him for the emergency info.

Thanks,

Becky Gray, Customer Service Rep

PPG Industries, Inc.

1-800-257-0106 - Toll Free

724-325-5026 - Phone

724-325-5049 - Fax

00-800-243-6774 - de México

bgray@ppg.com - email

Any prices quoted in this communication will be on the basis of PPG General Terms and Conditions of Sale applying to any resulting order placed with us. (Details available on request). [attachment "TIHPIH(C1).pptx" deleted by Larry

BLAZYNSKI/INT/CHEM/Corp]

Doc 3

From: Giles, John (GPRK)
Sent: Tuesday, July 19, 2011 5:28 PM
To: Shefelbine, James (GPRK); Patterson, Charles (GPRK); Williams, Scott (GPRK); Charron, Kenneth (GPRK)
Cc: Nordstrom, Adam; Arganbright, Dave (GPRK)
Subject: RE: Meeting With Gil Kovar (TSA)
Categories: Patterson/Giles

Tx guys.

john

From: Shefelbine, James (GPRK)
Sent: Tuesday, July 19, 2011 3:56 PM
To: Giles, John (GPRK); Patterson, Charles (GPRK); Williams, Scott (GPRK); Charron, Kenneth (GPRK)
Cc: Nordstrom, Adam; Arganbright, Dave (GPRK); Shefelbine, James (GPRK)
Subject: Meeting With Gil Kovar (TSA)

A quick summary of our meeting with Gil Kovar --

Our meeting with Gil took place in his office at 1:30 this afternoon. Dave Arganbright and Adam Nordstrom attended with me, and Gil was alone. The meeting lasted about one hour, and he kept a copy of the Safety Protocol presentation.

We started the meeting by sharing with him the high points of our protocol and the journey that got us where we are today. He was aware of the STB proceedings, but did not appear to be too familiar with the details.

After going through the presentation, we asked if he saw anything in our protocols and procedures that contradicted TSA's security guidelines. He stated that he saw nothing that we were doing that increased the "security" risk of moving TIH/PIH. He then warned us that he was going to tell us something that we may not want to hear, and he proceeded to say that his position is that rail is the most secure mode by which to move TIH/PIH commodities. He was very frank with us and stated that the possibility of an attack on a railroad movement of TIH/PIH is miniscule due to the unpredictability of railroads -- evidently terrorists like schedules and repeated events. At this time, we believe that he thought we were looking for TSA to help absolve us of our common carrier obligations. I also think at this time he believed our STB challenge was a rate case. We took great care to explain, more than once, that our rates are not being challenged and we are only looking to handle TIH/PIH commodities in the "safest" manner.

After clarifying the two points he stated that he was not sure if he can help or hinder us. He did say that it is likely that the STB will ask him for an opinion if the challenge progresses. Should they ask -- we believe that he will want to be helpful and sympathetic to our railroads. Our read is that at worst his response will be neutral and at best he may say that we enhance the security of TIH/PIH movements because of reduced dwell and transit time.

We did ask about the possibility of making a statement before asked for one by the STB and he felt his lawyers would not allow it – but he did not close the door to a later request, and we may want to consider as we get some indication of how the STB will handle the hearings.

Like Jo, it is clear he will not get involved in any commercial issues.

Three reasons today was worth the time –

1. If he gets asked for an opinion he has been briefed and understands our position.
2. It is clear that he will say that RailAmerica is not running afoul of any TSA procedures and guidelines, and he will say so.
3. To the extent that there is a national security play – the argument is weak and tenuous and will not carry day.

Adam/Dave – please add any details that I might have missed or something that may have looked different from your angle.

Regards,
James

Doc 4

From: Devin, Robby S. (SATX)
Sent: Thursday, March 05, 2009 3:31 PM
To: McCloud, David (Boca)
Cc: Williams, Scott (GPRK); Charron, Kenneth (GPRK); Salcedo, Larry (FECR.GPRK); Shefelbine, James (Home-Office)
Subject: TIH RA strategic position(03-09-09).ppt
Attachments: TIH RA strategic position(03-09-09).ppt

David, attached is a presentation for open topics agenda on Monday 3-9. Please include in the agenda before Larry Salcedo's presentation on TIH, if possible.

Thanks

Robby

**Development of RA/FEC strategy
for mitigating haz-mat/TIH risks
March 9, 2009**

Presented by Robby Devin



RA/FECR's ongoing common carrier obligation to transport TIH is a continuing risk with no controlling strategy.

- TIH are inhalation hazard commodities as defined by the Department of Transportation such as chlorine, anhydrous ammonia, and hydrochloric acid.
- In 2008 RA railroads transported 4,194 TIH carloads with revenue of \$3.4mm. FEC transported 333 car loads with revenue of \$999K.
- The risk of a TIH release could be catastrophic to a short line/regional railroad. It could lead to long term liquidity problems and/or bankruptcy.
- The Norfolk Southern/Graniteville chlorine release loss is estimated to be \$600mm. RA/FEC carry \$200mm of insurance.
- Overall RA/FEC strategy has not existed in the past. We have taken price increases and discussed shipment of alternative commodities when able.

CSX and AAR have floated liability cap proposals but support has been limited from ASLRRRA/short line industry leaders.

- CSX proposal is limited to TIH movements only and includes a liability cap of \$25mm/\$100mm for Class III and II railroads respectively. Shipper-funded, secondary insurance layer will cover loss events over at-fault caps up to \$1B, with shippers expected to fund this secondary insurance with a surcharge on TIH loads of approximately \$500/per car. **(Appendix I)**
- AAR proposal includes all hazardous materials and a liability cap of \$5-10mm and \$30mm for Class III and II railroads respectively. Shippers are to fund the secondary insurance layer with a carload surcharge, and RRs not required to ship unless shipper is a certified contributor to secondary layers. **(Appendix II)**
- ASLRRRA has no defined strategy but is waiting for input from members. In the meantime, ASLRRRA is awaiting STB decisions on common carrier obligation issues debated at last year's hearings.



CSX is seeking input from RA and ASLRRA to refine its concept and further consensus.

- **CSX needs carload exposure data from ASLRRA members to confirm insurance pricing estimates above caps.**
- **The CSX proposal is new and focused on building consensus among railroads. CSX needs unanimous rail industry support.**
- **CSX cannot build legislative consensus for its proposal without buy-in from Short Lines and Shippers. CSX needs consensus in the rail industry to effectively lobby for shipper support.**
- **CSX needs the Short Line industry's appeal to populist political strain to broaden legislative support.**



RA/FEC is uniquely positioned to lead the ASLRRRA-organized Class II and III political lobby and achieve further liability cap relief in the CSX proposal.

- The CSX proposal provides a platform for RA/FEC and ASLRRRA to pursue a long term TIH solution that is capable of attracting shipper and legislative support.
- Initiatives underway before the STB on behalf of ASLRRRA members, including RA/FEC, provide political leverage for a legislative remedy.
- RA/FEC already purchase above the level of insurance required by the CSX proposed liability caps, but could use the political issue to drive TIH liability cap relief to lower thresholds, such as \$5mm/\$10mm.
- RA/FECR is positioned to lead a coalition of the larger short lines to direct ASLRRRA support of CSX proposal, with emphasis upon lower Class II and III liability thresholds, in spite of expected opposition from smaller short line carriers.



Next Steps.

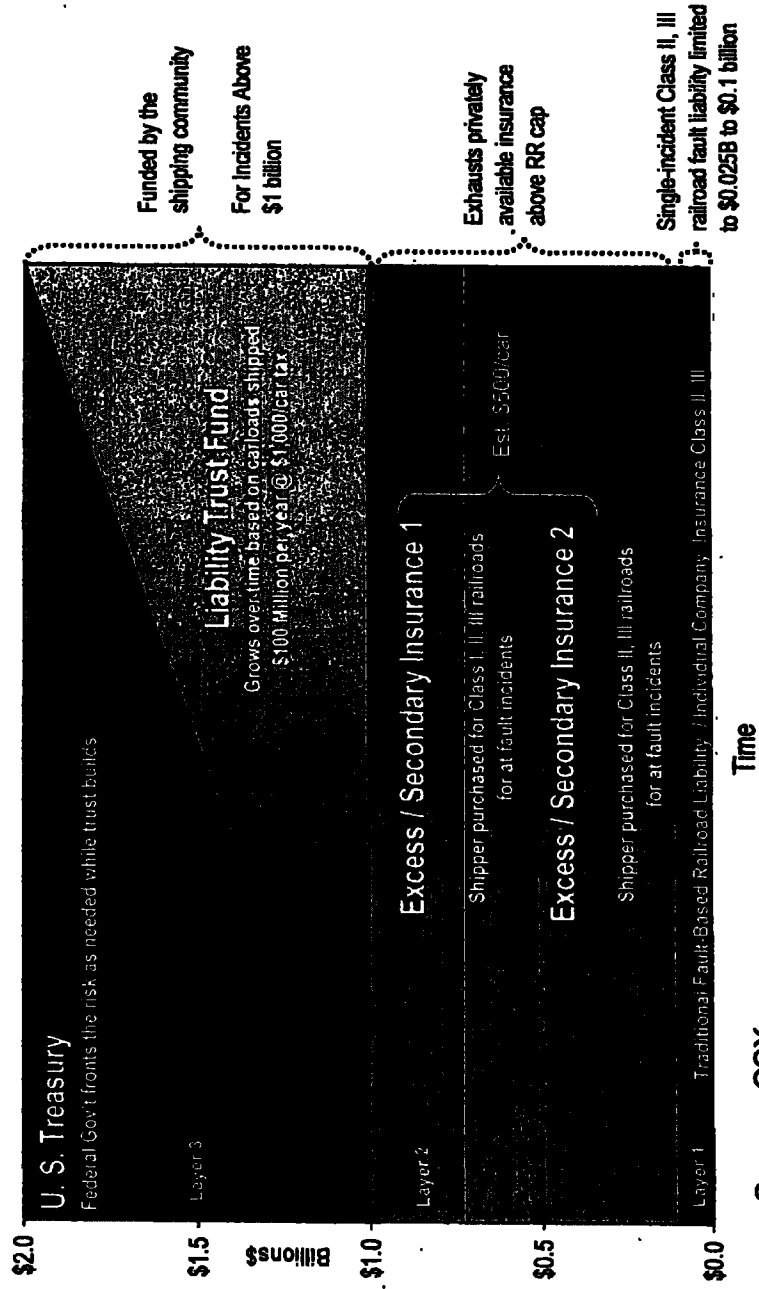
- Coordinate with ASLRRA the development of the short line exposure data sought by CSX for development of insurance pricing estimates.
- Organize ASLRRA support for CSX proposal to lower Class II and III liability thresholds
- Communicate with CSX RA/FEC support for their proposal with the need for reduced Class II and III liability caps.
- Participate in working sessions with CSX, Shipper Reps, and ASLRRA to further the analysis of concepts and build consensus.
- Develop strategy to support legislation.

Proposed CSX liability cap structure.

Appendix I

T. I. H. Liability Layers (V.7) 10/1/2008
CSXT Proposed \$2 Billion Shortline Overall Liability Cap

TOTAL Liability Cap (Billions) - Could Grow Over Time



Source: CSX

From: Thomas, Jim (RA Midwest)
Sent: Thursday, April 17, 2008 9:43 AM
To: Patterson, Charles (Boca)
Cc: Shefelbine, James (Home-Office)
Subject: TIH/PIH

Charlie;

What do we want to do with TIH/PIH? Will we have a company policy or at least a pricing guideline? (Mike is starting work on his Dow renewal Sugarman and asked me the question.)

Jim

From: Bobic, Mike (HESR)
Sent: Thursday, April 17, 2008 7:08 AM
To: Thomas, Jim (RA Midwest)
Subject:

What did you find out on PIH TIH? CN will keep these products in the Dow contract until June 2009 now. Then switch them to public tariffs.

From: Maddux, Jan (FECR.GPRK) [jmaddux@fecr.com]
Sent: Wednesday, July 02, 2008 12:13 PM
To: Shefelbine, James (Home-Office)
Subject: RE: TIH/PIH
Attachments: TIH-PIH TARIFF RA.doc

James,

I have come up with a draft template, however I am a little lost on the liability language portion. I will get with Ken before our Staff gathering on the liability language and then we can discuss with the Directors then. The operating procedures are spelled out in the AAR OT-55-I and I have put that in the draft tariff that it is subject to those rules.

Your thoughts?

Jan

-----Original Message-----

From: Shefelbine, James (Home-Office) [mailto:James.Shefelbine@RailAmerica.com]
Sent: Wednesday, July 02, 2008 12:00 PM
To: Greer, Kim (SCRF); Schroeder, Bill (RA Northeast/Southeast); Patterson, Charles (Boca); Biscan, Todd (FECR.GPRK); Thompson, Reginald (FECR.GPRK); Novak, Dave (Boca-FEC); Charron, Kenneth (JAX); Krach, James (FECR.GPRK); Stefanic, Carolyn (SATX); Maddux, Jan (FECR.GPRK); Gomez, Larry (RA West); Haeg, Mike (RA Central); Schroeder, Bill (RA Northeast/Southeast); Thomas, Jim (RA Midwest)
Cc: Dunkin, Glen (NCVA); Williams, Jamie (NCVA); Freeman, Brent (SCRF); Rohal, David (Boca); Franger, Sandy K. (SATX); Bloom, Jeff (Boca)
Subject: RE: TIH/PIH

I would like to suggest that we try to adhere to moving all RailAmerica's pricing for TIH/PIH movements into our own RULE 11 tariffs. The marketing services team will create the tariffs and publish, one the roads have approved the rates.

There are three reasons that make it the most effective rate mechanism –

1. We control the liability language.
2. We can change rates as frequently as we want and by any reasonable amount that we see fit.
3. We will almost certainly begin to implement special operating procedures on some roads, and we may want the flexibility to charge additional assessorial charges.
 - a. Inspections ahead of trains.
 - b. Dedicated TIH/PIH trains.
 - c. Special inspections.

Being bound to another carrier's tariff, contract or deregulated rate quote dilutes our ability to manage the commodities.

The volume is so low, and the risk so high, that any additional publication/collection work is warranted.

We can discuss, during the upcoming commercial staff meeting, but for now I would propose that no RailAmerica property participate in a CSX, or any other, public price document for TIH or PIH commodities.

Please let me know if there is a strong commercial need to participate in CSX's public price structure.

Regards,
James

From: Greer, Kim (SCRF)
Sent: Monday, June 30, 2008 11:13 AM
To: Schroeder, Bill (RA Northeast/Southeast); Shefelbine, James (Home-Office); Patterson, Charles (Boca)
Cc: Dunkin, Glen (NCVA); Williams, Jamie (NCVA); Freeman, Brent (SCRF); Rohal, David (Boca); Franger, Sandy K. (Boca); Bloom, Jeff (Boca)
Subject: TIH/PIH

Bill, James, and Charlie,

I would like to ask for permission to use an alternative system to price, bill, and collect TIH/PIH commodities moving on the RRs I do the marketing for (NCVA, CA, SCRF, CPDR, VSRR).

What I am requesting would incorporate the following elements:

- All new and renewing documents involving TIH/PIH will be reviewed by Charlie first
- Instead of a Rule 11 tariff for each rr, I would put **all TIH/PIH commodities in a dedicated CSXT public tariff** since all of my rr are CSX jct settlement carriers. This public tariff would include all TIH/PIH commodities and the rate I would start with is **\$4,000 per car** and will take appropriate quarterly increases. I have discussed this with CSX (Steve Lube, Director of Chemical Marketing, and John Jinker, the guy that publishes the public tariffs) and they are agreeable. Work on this public CSX tariff is well underway and should be published and effective by Aug 1, 2008. This public tariff would be just for TIH/PIH commodities.
- This will save me a huge amount of time that it takes to publish, invoice, collect, and resolve disputes with customers. This is the main reason for this request – to economize on time. The effect will be the same – to get our prices up relative to the risk of handling these commodities. I have already done this with some TIH commodities on the CPDR (\$4,000 per car, eff. July 1, 2008).
- I am in full agreement with the purpose and substance of the below plan and support it fully. I just think having CSX do the publishing would be so much easier.
- I will not solicit TIH/PIH commodities and will work with Operations on the ones we are already handling; I will fully abide by any other aspect of this new policy.

May I have your permission to proceed in this way?

Kim Greer, Mgr. Sales & Marketing
NCVA, SCRF, CPDR, CA, VSRR
O: 843-398-9850, ext. 3
C: 843-230-8673

From: Schroeder, Bill (RA Northeast/Southeast)
Sent: Tuesday, June 24, 2008 5:23 PM
To: Bromirski, Mark (CSO); Budgell, Roy (CBNS); Greer, Kim (SCRF); Haggith, Sherri (GEXR); Lapinski, Nancy (PITT); Low, Douglas (NECR-Palmer)
Subject: FW: Laundry List

FYI....

Bill Schroeder
Director, Marketing & Sales
NorthEast Region - RailAmerica
Philadelphia, PA.
(610) 358-5444
bill.schroeder@railamerica.com

From: Shefelbine, James (Home-Office)
Sent: Tuesday, June 24, 2008 5:05 PM
To: Schroeder, Bill (RA Northeast/Southeast)
Cc: Haggith, Sherri (GEXR); Low, Douglas (NECR-Palmer); Hunter, Charles (NECR); Touesnard, Peter (RA Northeast); Maddux, Jan (FECR.GPRK); Charron, Kenneth (JAX)
Subject: RE: Laundry List

With regards to current TIH/PIH policy, below are the current guidelines for how we should commercially manage the TIH/PIH segment.

I will have the "formal" document placed on the commercial SharePoint site.

1. All new and renewing rate documents that include TIH/PIH commodities must be reviewed by Charlie.
2. Each railroad will create a TIH/PIH Rule 11 tariff and begin the process of moving rates for those commodities out of general tariffs, quotes and contracts into the TIH/PIH tariff.
 - a. Jan Maddux will create the template and publish for affected properties.
3. Prices must be set at a level to compensate us for the risk of moving TIH/PIH commodities.
 - a. Escalations should be timely -- Quarterly
4. Commercial personnel must coordinate special services and activities with the operating department and include the costs of such services in the price formulation.
5. Where we do not have pricing freedom, we must approach the Class 1 carrier, in writing, and ask for special price consideration.
 - a. Paul and Josh are working at the corporate level.
6. We should not solicit the movement of TIH/PIH commodities and if given an option, choose not to haul any TIH/PIH commodities.

To all copied - please feel free to edit the proposed items as you see fit. I see our policy continuing to develop as the industry continues to deal with TIH/PIH commodities and the associated risk.

James

From: Schroeder, Bill (RA Northeast/Southeast)
Sent: Tuesday, June 24, 2008 2:42 PM
To: Shefelbine, James (Home-Office)
Cc: Haggith, Sherri (GEXR); Low, Douglas (NECR-Palmer); Hunter, Charles (NECR); Touesnard, Peter (RA

Northeast)
Subject: Laundry List

James,

When you get a moment can we please catch up on the following outstanding issues:

- TIH/PIH corporate policy status update **(GEXR)**
- Dirty Dirt (low level radiation / contaminated soil) position. **(NECR)**
- Outstanding data request for fuel surcharge projections and HQ approved macro-economic/GDP across the board growth factors for 10 year projection report requested by Peter Touesnard **(NECR)**

Need to get some of these outstanding issues resolved. Your assistance and guidance is appreciated. Thanks.

- Bill

Doc 7

From: Schroeder, Bill (RA Northeast/Southeast)
Sent: Wednesday, April 23, 2008 7:56 AM
To: Shefelbine, James (Home-Office)
Subject: FW: Additional Presentation for Today's Open Topics Meeting

James,

Please see the attached from Kim. Unfortunately, I wasn't on the open topic sessions call yesterday so can you quickly clarify the new policy for me. Are we talking about taking up prices on all hazardous material shipments where we can in an effort to dissuade this type of traffic OR are we talking about storage/accessorial charges on this type of traffic? It appears that maybe we are talking about doing both. Thanks.

- Bill

From: Greer, Kim (SCRF)
Sent: Tuesday, April 22, 2008 8:00 PM
To: Schroeder, Bill (RA Northeast/Southeast)
Cc: Geary, Jeffrey (RA Southeast); Visconti, Chris (SCRF); Dunkin, Glen (NCVA)
Subject: RE: Additional Presentation for Today's Open Topics Meeting

Bill,

Just so I am clear on this new policy: the recommendation was for a "controlled retreat from the market place by increasing prices ..." "to levels that encourage customers to engage in other transportation alternatives" for all TIH/PIH hazmat commodities. Is this correct? Please confirm.

As information, all customers on SCRF, CPDR, and NCVA that ship hazmat materials have a RA Hazmat Car Storage agreement. They are: Resinall, GP, Parachem, Cognis, Wellman refused to sign one but they never store ethylene glycol on our tracks. EG is considered environmentally hazardous.

Kim Greer, Mgr. Sales & Marketing
NCVA, SCRF, CPDR, CA, VSRR
O: 843-398-9850, ext. 3
C: 843-230-8673

From: Schroeder, Bill (RA Northeast/Southeast)
Sent: Tuesday, April 22, 2008 1:26 PM
To: Ball, Amanda (NECR); Bromirski, Mark (CSO); Budgell, Roy (CBNS); Greer, Kim (SCRF); Haggith, Sherri (GEXR); Lapinski, Nancy (PITT); Low, Douglas (NECR-Palmer)
Cc: Geary, Jeffrey (RA Southeast); Touesnard, Peter (RA Northeast)
Subject: FW: Additional Presentation for Today's Open Topics Meeting
Importance: High

Please start the process of identifying those customers who ship/receive haz-mat on your respective roads and advise. We will need to move forward on this project sooner rather than later. Don't hesitate to call if you have any questions. Thanks.

Bill Schroeder

Director, Marketing & Sales
Northeast Region - RailAmerica
Philadelphia, PA.
(610) 358-5444
bill.schroeder@railamerica.com

From: Geary, Jeffrey (RA Southeast)
Sent: Tuesday, April 22, 2008 1:41 PM
To: Greer, Kim (SCRF); Dixon, Greg (IORY); Doherty, Terry (AGR); Cornett, Chris (ISRR); Dunkin, Glen (NCVA); Kelly, Tim (AGR); Longo, Gary (AGR); Nordquist, Larry (EARY); Visconti, Chris (SCRF)
Cc: Schroeder, Bill (RA Northeast/Southeast); Haeg, Mike (RA Central); Thomas, Jim (RA Midwest)
Subject: FW: Additional Presentation for Today's Open Topics Meeting
Importance: High

Let's get a head start in identifying all customers that receive and/or ship haz-mat.cars.
Approval has been given to start looking at price increases, necessary storage agreements, etc. to minimize our expense and exposure in the event of a spill or release of TIH/PIH

Thanks
Jeff

Good question Mr. Thomas...

From: McCloud, David (Boca)
Sent: Tuesday, April 22, 2008 12:56 PM
To: Giles, John (Boca); Forsman, Terry (Boca); Jones, Bob (RA West); Lundberg, Paul (Boca); Ovitt, Brad (RA Midwest); Patterson, Charles (Boca); Rohal, David (Boca); Stephens, Ray (RA Central); Touesnard, Peter (RA Northeast); Williams, Scott (Boca); Linn, Scott (Boca); Franger, Sandy K. (Boca); Jacobowitz, Marc (Boca); Tynes, Harold (Boca); Pettigrew, Alan (Raymond) (Boca); Putterman, Josh (Boca); Fukala, Charlie (RA Northeast/Southeast); Emmons, Michael (SATX); Toutain, Mark (Consultant); Fuller, Geoff (Consultant); Shefelbine, James (Home-Office); Cecil, Todd (SATX); Devin, Robby S. (SATX); Geary, Jeffrey (RA Southeast); Polansky, Kevin (Boca); McCloud, David (Boca); Bloom, Jeff (Boca); Boland, Jerry (Boca); Haeg, Mike (RA Central); Schroeder, Bill (RA Northeast/Southeast); Gomez, Larry (RA West); Thomas, Jim (RA Midwest); Boyle, Peter E. (Home-Office); Ortega, Mike (Home-Office); Stefanic, Carolyn (SATX); Mishra, Sachi (Boca); Claytor, Preston (Boca); Novak, Dave (Boca-FEC); 'Berger, Ira (FECI.STA)'; 'Andrews, C (FEC)'; Ballas, Tom (FECR.GRPK); Berry, Roger (FECR.GRPK); Blscan, Todd (FECR.GRPK); Blalock, Wayne (FECR.MIA); Cooper, Kim (FECR.GRPK); Fowler, Andy (FECR.BWY); Griffiths, Gary (FECR.GRPK); Hatfield, Robert (FECR.BWY); Lynch, James (FECR.FTL); MacInnes, David (FECR.GRPK); Meador, Chip (FECR.GRPK); Mimbs, Patti (FECR.GRPK); Mobley, Roger (FECR.GRPK); Rinehart, Dee (FECR.GRPK); Rountree, Tommy (FECR.BWY); Stevens, Robert (FECR.BWY); Stone, Charles (FECR.BWY); Storm, Kristine (FECR.GRPK); Thompson, Reginald (FECR.GRPK); West, Greg (FECR.GRPK); Eddins, Heidi (FECI.DWD); Gomez, Larry (RA West); Trulitt, Steve (FEC); Berger, Ira (FEC); Beck, John (FECR.ATL); Ramos, Jose (SDIY); Martin, Cathrine (PSAP); Cecil, Tanya (ARZC); Jespersen, Pete (SDIY); Spradlin, Kevin (CORP); Whiteman, Jennifer (Boca)
Subject: Additional Presentation for Today's Open Topics Meeting
Importance: High

Attached is one additional presentation for today's open topics meeting.

David

Doc 8

From: Shugart, Harry (GPRK)
Sent: Wednesday, August 24, 2011 9:35 AM
To: Ratledge, Ryan (IORY)
Cc: Shugart, Harry (GPRK); Shefelbine, James (GPRK)
Subject: TIH/PIH on TPW

Categories: Marketing Team

Ryan,

As far as I can tell we have addressed all existing rate documents on the TPW and all TIH/PIH that moves should be falling under the new Tariff. I ran a CARS report this morning and nothing is moving under anything else other than our Tariff right now.

I have the RailInc people working on the reason behind some cars getting through our permitting process. I'll tell you from the limited experience that I have with the system, it is not foolproof. I consider it another tool we can use, but I don't think it has the complexity to be relied on completely. As an example, last week it put a hold on some cars that had STCCs that were not on the list in the note. I haven't received a good answer to that either.

I will keep you informed of what I find out from RailInc.

Harry H. Shugart
Senior Manager Marketing Services
RailAmerica
904-538-6133
Cell 904-545-9895
Harry.shugart@railamerica.com

From: Shugart, Harry (GPRK)
Sent: Thursday, August 25, 2011 11:06 AM
To: Parkinson, David (RA Northeast)
Cc: Shefelbine, James (GPRK); Shugart, Harry (GPRK)
Subject: FW: NECR TIH/PIH transportation Operating plan/transit times.

Categories: Marketing Team

Dave,

Below is a train plan for the movement of TIH/PIH on the NECR. Steve has provided three different plans using 10 MPH, 25 MPH and 40 MPH.

I am going to have to present to the Senior Team for their recommendation so I will need costing for them in order to calculate the correct rates.

Can you please provide?

Harry H. Shugart
Senior Manager Marketing Services
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904-538-6133
Cell 904-545-9895
Harry.shugart@railamerica.com

From: Coomes, Steve (NECR)
Sent: Friday, August 12, 2011 3:46 PM
To: Shugart, Harry (GPRK); Shefelbine, James (GPRK)
Cc: Low, Douglas (NECR-Palmer)
Subject: NECR TIH/PIH transportation Operating plan/transit times.

The majority of the TIH/PIH traversing across the NECR operates from the CN at the Canadian border, through St. Albans Vermont to the P&W Railroad at Willimantic, CT (291 miles total)

The first leg of this journey could be the most difficult. Through the operating agreement we have with the CN to bring NECR trains from the Canadian border to STA. 18.7 miles, CN is performing that service as a haulage agreement and NECR has liability for any track caused incident. I am not sure how we will handle that, but it bears some conversation.

NECR operations from STA to Willimantic/P&W Interchange.

If we operated at track speed (40MPH) from STA to Palmer, and then from Palmer to Willimantic at track speed (25mph) here is how I see it break out.

STA to Brattleboro would consume 1 crew and a single locomotive in a basic 10 hour day with opposing traffic. (181 miles) We would have to calculate meals and motel for this crew and work them back to STA on their rest.

Brattleboro to Willimantic would consume 1 crew and a single locomotive in a basic 13 hour day with opposing traffic. (55 miles at 40Mph and 45 miles at 25mph) This includes 3 hours deadhead for the crews to return.

If we operated at max speed 25 mph from STA to Willimantic:

STA to Windsor: would be 1 crew with a single unit for a 10 hour day (132 miles) includes 2 hours deadhead to get to train We would have to calculate meals and motel for this crew and work them back to STA on their rest.

Windsor to Palmer would be 1 crew with a single unit for 12 hour day (105 miles) includes 3 hours deadhead to get to train

Palmer to Willimantic would be 1 crew with a single unit for 8 hours (45 miles) includes hauling a crew 2 hours to get to train

If we operated at max speed of 10mph from STA to Willimantic:

STA to Montpelier Jct. VT would be 1 crew with a single unit for a 11 hour day (56 miles) includes 2 hour deadhead for both crew members

Montpelier Jct to Windsor Vt would be 1 crew with a single unit for a 13 hour day (76 miles) Includes 2 hour deadhead for both crew members

Windsor Vt. To Brattleboro would be 1 crew with a single unit for a 9hour day (49 miles) includes 2 hours deadhead for both crew members

Brattleboro to Palmer, Ma would be 1 crew with a single unit for a 11 hour day (56 miles) includes 2 hours deadhead for both crew members

Palmer to Willimantic CT would be 1 crew with a single unit for a 7 hour day (45 miles) includes 1 hour deadhead for both crew members.

Doc 10

From: Maddux, Jan (GPRK)
Sent: Tuesday, April 19, 2011 8:44 AM
To: Shugart, Harry (GPRK)
Subject: FW: PPGX1717 & PPGX1480 to Saraland AL

From: Shefelbine, James (GPRK)
Sent: Tuesday, April 19, 2011 6:02 AM
To: Yanity, Steve
Cc: Gray, Becky; Lindstad, Aage (TLC-Southeast); Maddux, Jan (GPRK); Bjornstad, Todd (AGR); AGR-CS; Welch, Michelle
Subject: Re: PPGX1717 & PPGX1480 to Saraland AL

Steve -

I understand your dilemma, but we can not hold the first car while we await the arrival of the second car. Our policy calls for us to move the cars to their ultimate destination as expeditiously as possible.

I need to confirm with others, but i believe we can still honor the transportation terms and conditions in our original rate offer, and that would keep you from being subject to our generic special train charge.

Let me know if you would like us to forward a rate agreement for your review.

James

Sent from my iPhone

On Apr 18, 2011, at 11:11 PM, "Yanity, Steve" <yanity@ppg.com> wrote:

James, we really need your help with this. PPG has followed all the instructions as requested for this first time shipment. With this new routing we are taking significant chlorine miles off the AGR system. We don't see why we should be penalized another \$15,000. We are open to any suggestions on how to ensure that these cars are shipped together, but we seem to be at the mercy of the preceding railroads.

Steve Yanity
Supervisor of Logistics
PPG Industries
412 434 2920
yanity@ppg.com

From: Gray, Becky
Sent: Friday, April 15, 2011 2:48 PM
To: Lindstad, Aage (TLC-Southeast); Shefelbine, James (GPRK); Maddux, Jan (GPRK)

Cc: Bjornstad, Todd (AGR); Yanity, Steve; AGR-CS
Subject: RE: PPGX1717 & PPGX1480 to Saraland AL

It's important that both cars are on the same train from Mobil to Saraland, as we are being charged per train.

Will AGR hold one car in Mobil and wait for the second car?

Thanks,

Becky Gray

From: Lindstad, Aage (TLC-Southeast) [mailto:Aage.Lindstad@railamerica.com]
Sent: Friday, April 15, 2011 1:11 PM
To: Shefelbine, James (GPRK); Maddux, Jan (GPRK)
Cc: Bjornstad, Todd (AGR); Yanity, Steve; Gray, Becky; AGR-CS
Subject: RE: PPGX1717 & PPGX1480 to Saraland AL

All,

Below is the latest on these cars. These cars may end up hitting our line at different times.

We'll keep everyone posted as we find out more.

Thank you,

Aage Lindstad

Manager - Transportation Logistics Center

RailAmerica, Inc.

Phone: 904-538-6370

Fax: 904-256-0542

Per KCS Operations,

PPGX 1717 – Going to the CN in Jackson from the KCS. ~~The train should depart today at 1500 to the CN~~

and

PPGX 1480 – Spotted on the 5th, released on Monday, but no billing... Received good billing yesterday ~1030. However, ~~this car will go out tonight to the CN~~

<image001.png>

Charles Coleman

TLC- Specialist

RailAmerica, Inc.

PH: 904-538-6354

From: Yanity, Steve [mailto:yanity@ppg.com]
Sent: Thursday, April 14, 2011 10:04 AM
To: Shefelbine, James (GPRK); Gray, Becky
Cc: Lindstad, Aage (TLC-Southeast); Bjornstad, Todd (AGR)
Subject: RE: PPGX1717 & PPGX1480 to Saraland AL

Jim, I am leaving in an hour and won't be back for a week. Please copy Becky Gray on any correspondence regarding these cars. Thanks.

Steve Yanity
Supervisor of Logistics
PPG Industries
412 434 2920
yanity@ppg.com

From: Shefelbine, James (GPRK) [mailto:James.Shefelbine@RailAmerica.com]
Sent: Thursday, April 14, 2011 9:55 AM
To: Yanity, Steve

Cc: Lindstad, Aage (TLC-Southeast); Bjornstad, Todd (AGR)
Subject: RE: PPGX1717 & PPGX1480 to Saraland AL

Steve –

Aage trace indicates that both cars have an ETA of 4/17/11 into Mobile.

I am going to get on a plane in a short time and will check in later this afternoon.

James

From: Yanity, Steve [mailto:yanity@ppg.com]
Sent: Thursday, April 14, 2011 9:20 AM
To: Gray, Becky; 'Nancy Oliverio'; Shefelbine, James (GPRK)
Subject: RE: PPGX1717 & PPGX1480 to Saraland AL

James, see below. Will this cause a concern, or will the AGR just hold the one chlorine car in Mobile and wait for the 2nd one to join it?

Steve Yanity
Supervisor of Logistics
PPG Industries
412 434 2920
yanity@ppg.com

From: Gray, Becky
Sent: Thursday, April 14, 2011 8:42 AM
To: 'Nancy Oliverio'
Cc: Yanity, Steve
Subject: PPGX1717 & PPGX1480 to Saraland AL

Hi Nancy,

These are the first 2 cars from Lake Charles to Saraland using the new routing.

I see PPGX1717 is in Shreveport....but PPGX1480 is still in Mossville.

I am surprised these cars are not "together"with the new routing, the AGR will charge PPG "per train" to Saraland.

We want to make sure that we are only charged for 1 train and that both cars travel together to Saraland.

Should I be worried?

Could you make these cars HOT so we can track them closely?

Thanks

Becky

From: Shugart, Harry (FECR.GPRK) [hshugart@feci.com]
Sent: Wednesday, March 26, 2008 10:14 AM
To: Patterson, Charles (Boca); Shefelbine, James (Home-Office); Krach, James (FECR.GPRK); Rohal, David (FECR.GPRK); Shugart, Harry (FECR.GPRK); Thompson, Reginald (FECR.GPRK)
Cc: Eddins, H (FEC); Roundtree, T (FEC)
Subject: Chlorine Sugarman follow up items

Charlie,
To follow up on your questions at Mondays presentation:

Heidi is in the process of determining our requirements of insurance coverage and the corresponding rates that will be associated.

I have talked to Tommy Rountree about the possibility of there being a better or safer way to move these chlorine cars. He says that running them as we do in regular train service is the best way to handle them.

There is not that much volume so it is usually one car at a time. We have experimented in the past with running the hazmats on one "key" train, but it was determined that there was no advantage to that. We had basically the same liability exposure. If you try to run them at a lower speed, it congests the operating system.

This move is covered under the CN Tariff 511023-AB so we have the ability to cancel, change or extend it before the expiration date of 12-31-2008.

I suggest we go with the 35% increase now while we continue to develop a national, company-wide strategy. If any new developments arise, we can readdress our position going forward.

Harry H. Shugart
Market Manager - FEC Railway
Office 904-538-6133
Mobile 904-545-9895
FAX 904-256-0463

From: Gruenemeier, Todd (SCRF)
Sent: Thursday, June 30, 2011 11:32 PM
To: Budgell, Roy (RA Southeast); Shefelbine, James (GPRK)
Subject: RE: Shell - TIH/PIH contract renewal

James

Good evening I hope this email finds you doing well. Roy is certainly stating our concerns as railroad. Im quite concerned with these plan as Im not sure what we gain by this. The unfortunate side is that if this comes to fruition we will lose in the long run. To have two crews running on 38 miles of railroad at the same time will be a cluster and you can expect significant increase in OT labor and additional crew expense requiring 7 day a week service. This will also increase our locomotive fleet by one additional. I certainly don't want to be the guy that says this is not a good business decision because I do understand the position as well. However Im not sure what our ultimate goal is with this and at the end of the day on the CPDR – did we accomplish it? Look forward to discussing this with you and others.

thx

tg

From: Budgell, Roy (RA Southeast)
Sent: Thursday, June 30, 2011 4:58 PM
To: Shefelbine, James (GPRK)
Cc: Gruenemeier, Todd (SCRF)
Subject: Shell - TIH/PIH contract renewal

James:

I was looking for you and could not find you and your door was closed and I had to leave. In any case we need a go forward plan for this rate increase and handling process on the CPDR.

In speaking with Todd Gruenemeier and the trainmaster it sounds as though in order to handle this traffic with special train service we will need a minimum of 1 additional locomotive and one additional full train crew.

Note also that this would also mean that we would have 2 trains operating on our line at the same which can create additional safety concerns. This will mean a considerable increase in expense for the CPDR and with the likelihood of us picking up additional new revenue in this rate increase to fall far short of this cost increase we will experience.

I do understand the corporate position on this substance but am very concerned that these changes will actually increase our risk and most definitely increase our cost.

Where do we go from here?

Please advise.

Roy

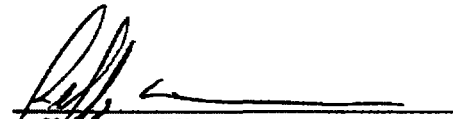
APPENDIX B

Highly Confidential Materials

Highly Confidential Materials Redacted From Public Version

CERTIFICATE OF SERVICE

I certify that, on January 13, 2012, I have sent a Public Version of CF Industries, Inc.'s Opening Evidence and Argument to all parties of record on the service list for Docket No. FD 35517. Furthermore, I have sent a Highly Confidential Version of CF Industries, Inc.'s Opening Evidence and Argument to all parties that have notified me that they have signed the appropriate undertakings attached to the Protective Order governing this docket.



Jeffrey J. Williamson